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October 12, 2005

TO: Each Supervisor

FROM: Thomas L. Garthwaite, M.D.  
Director and Chief Medical Officer

SUBJECT: DELEGATION AND ASSIGNMENT OF CALIFORNIA FAMILY CARE MEDICAL  
GROUP'S PUBLIC-PRIVATE PARTNERSHIP PROGRAM AGREEMENT TO  
NORTHEAST COMMUNITY CLINIC

This is to inform you that, on October 7, 2005, California Family Care Medical Group (CFCMG), which is operated by Catholic Healthcare West and is a Public-Private Partnership (PPP) Program Strategic Partner, notified the Department of their intent to stop providing community clinic primary care services and to transfer three (3) of their community clinic sites to Northeast Community Clinic (NECC), also a PPP Strategic Partner. The agencies have negotiated terms to transfer the clinics' ownership, staff, and equipment by the end of this week for essentially no cost. In addition, the parties requested that CFCMG's PPP Agreement be transferred to NECC as soon as possible.

This week, the Department met with the CFCMG and NECC leadership to review the CFCMG's plan and gain a better understanding of their request to delegate and assign the PPP Agreement. Catholic Healthcare West decided to make this change because they've determined it is no longer fiscally viable for them to continue operating the clinics. CFCMG chose to partner with NECC because of a previous working history. With regards to the PPP Agreement, the following is what we know thus far:

- **Clinic Operations and Patient Services:** Since CFCMG has requested that the agreement transfer be made effective as soon as possible, we have agreed to allow NECC to add the three (3) new sites to their current PPP agreement prior to Board approval of the delegation and assignment pending a review and of the sites to ensure compliance with PPP contract terms. NECC has committed to continue to provide uninterrupted primary care services to the patients using their current PPP allocation. Until NECC attains full community clinic licensure status, the new clinic sites will be operated as intermittent clinics (maximum of 20 hours per week). NECC has indicated that the clinics have the staffing and capacity to maintain the current level of services on a continuous basis even with these reduced hours. NECC has notified patients in writing regarding the change in operations, and does not anticipate a significant patient loss, in part because the physicians and staff are being retained at the clinics. The clinic sites included in the transfer are:

| Clinic Address  | Supervisory District | Service Planning Area |
|---|----------------------|-----------------------|
| 1414 South Grand Avenue, 2 <sup>nd</sup> Floor, Los Angeles 90015 | First                | Metro (SPA 4)         |
| 3751 South Harvard Blvd., Los Angeles 90018                       | Second               | South (SPA 6)         |
| 231 West Vernon Avenue, Suite 201, Los Angeles 90037              | Second               | South (SPA 6)         |

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- **Contractual Issues:** The Department is working with both agencies to ensure that all PPP requirements are satisfactorily met prior to making the recommendation to the Board. For example, NECC is working with their insurance carrier and all of their clinic licensors to appropriately place these sites under NECC. In addition, the sites being transferred under CFCMG's agreement will be technically suspended at the time that the sites are added to NECC's agreement. This will ensure that there are no billing errors.
- **Funding:** CFCMG's Fiscal Year (FY) 2005-06 PPP allocation is \$558,787. Pending NECC meeting all PPP contract requirements and obtaining permanent clinic licenses for each of the sites, the Department intends to recommend that your Board approve the delegation and assignment of the agreement, thus transferring any of CFCMG's unspent funds to NECC on an ongoing basis. (NECC's current FY 2005-06 PPP allocation is \$488,004.) CFCMG has agreed to submit their final claims before October 31, 2005. The total amount that would be added to NECC's allocation this Fiscal Year will be included in the Board letter request.

Some questions and concerns remain outstanding, and we are working with both agencies to gather additional information and documentation. It is our intent that once all of the operational, contractual and fiscal matters have been satisfactorily resolved, we will request Board approval of the delegation and assignment. While this action will mean that the PPP funding would be shifted without the benefit of the competitive bid process, we believe it is important to proceed 1) to ensure the continuity of care for the impacted patients, and 2) because we will be conducting a competitive bid process for the entire PPP Program within approximately 6-9 months.

I will continue to keep you apprised of our progress. In the meantime, if you have any questions, please let me know.

TLG:JW:AR

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c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors